

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

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**SMALL MINE RECLAMATION CONTRACT**

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Thirstystone Resources, Inc.** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/053/028 which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

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- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling

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DIV. OF OIL, GAS & MINING



ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
5. If the Surety expressly provides for cancellation or termination for non-renewal:
- A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
  - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation

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obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

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12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

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The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

THIRSTY STONE RESOURCES, INC.  
Operator Name

By RICHARD M. HOROWITZ

Authorized Officer (Typed or Printed)

VICE PRESIDENT

Authorized Officer - Position

[Signature]  
Officer's Signature

2/6/07  
Date

STATE OF Pennsylvania)

) ss:

COUNTY OF Montgomery)

On the 6<sup>th</sup> day of February, 2007, Richard M. Horowitz  
personally appeared before me, who being by me duly sworn did say that  
he/she is an Officer (owner, officer, director, partner, agent  
or other (specify)) of the Operator Thirsty Stone Resources, Inc. and duly  
acknowledged that said instrument was signed on behalf of said Operator by  
authority of its bylaws, a resolution of its board of directors or as may otherwise  
be required to execute the same with full authority and to be bound hereby.

Barbara J. Walters  
Notary Public  
Residing at Hatfield, Pennsylvania

My Commission Expires: COMMONWEALTH OF PENNSYLVANIA

Notarial Seal  
Barbara J. Walters, Notary Public  
Cheltenham Twp., Montgomery County  
My Commission Expires Nov. 1, 2009

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DIVISION OF OIL, GAS AND MINING:

By John R. Baza  
John R. Baza, Director

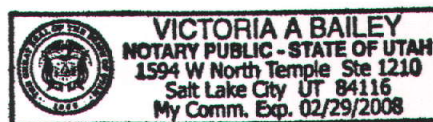
3/9/07  
Date

STATE OF Utah )  
COUNTY OF SALT Lake ) ss:

On the 9<sup>th</sup> day of March, 2007, John R. Baza  
personally appeared before me, who being duly sworn did say that he, the said  
John R. Baza is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.

Victoria A. Bailey  
Notary Public  
Residing at: SALT Lake City, UT

February 29, 2008  
My Commission Expires:





PNC Bank, National Association  
Trade Service Operations  
3rd Floor  
500 First Avenue  
Pittsburgh, PA 15219  
Mail Stop: P7-PFSC-03-T

Swift: PNCCUS33  
telephone: 1-800-682-4689

RLM-UT-989  
2007 JAN 24 PM 1:54



DATE: JANUARY 23, 2007

BENEFICIARY:  
UNITED STATES DEPARTMENT  
OF THE INTERIOR  
SEE COMPLETE NAME AND ADDRESS BELOW  
SALT LAKE CITY UT 84145-0155

APPLICANT:  
THIRSTYSTONE RESOURCES INC.  
860 E.19TH.ST.  
TUCSON AZ 85719-6615

COPY

Original  
in S1053/027

AMENDMENT TO IRREVOCABLE STANDBY LETTER OF CREDIT

OUR REFERENCE:  
AMENDMENT NUMBER: 1

WE HEREBY AMEND OUR IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER  
AS FOLLOWS:

THE EXPIRY DATE IS NOW TO READ: JUNE 06, 2008.

THIS LETTER OF CREDIT WILL CONTINUE TO AUTOMATICALLY EXTEND AS PROVIDED  
THEREIN.

BENEFICIARY'S NAME AND ADDRESS HAS BEEN CHANGED TO READ AS FOLLOWS:

UNITED STATES BUREAU OF LAND MANAGEMENT  
UTAH STATE OFFICE  
324 SOUTH STATE  
SALT LAKE CITY, UT 84145-0155

FOR ITSELF AND AS AGENT FOR

UTAH DIVISION OF OIL GAS AND MINING  
1594 WEST NORTH TEMPLE  
SALT LAKE CITY, UTAH 84114-5801

WHEREVER THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND  
MANAGEMENT ("BUREAU") APPEARS, IT SHALL NOW READ  
UNITED STATES BUREAU OF LAND MANAGEMENT, AND UTAH DIVISION OF OIL GAS  
AND MINING.

DELETE ITEM NO. 2 IN ITS ENTIRETY.

SUBSTITUTE ITEM NO. 2 AS FOLLOWS:

2. THIS LETTER OF CREDIT WILL EXPIRE UPON THE FIRST EVENT SET FORTH AS  
FOLLOWS: (A) 5:00 O'CLOCK P.M. (PITTSBURGH, PENNSYLVANIA TIME) ON JUNE  
6, 2008 OR (B) THE DATE UPON WHICH SUFFICIENT DOCUMENTS ARE EXECUTED BY  
THE UNITED STATES BUREAU OF LAND MANAGEMENT TO RELEASE THIRSTYSTONE  
RESOURCES INC. ("OPERATOR") FROM FURTHER LIABILITY FOR RECLAMATION OF  
PICTURE SPRINGS MINE NO. UTU-068571 AND BLACKRIDGE MINE NO. UTU-068868

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PNC Bank, National Association  
Trade Service Operations  
3rd Floor  
500 First Avenue  
Pittsburgh, PA 15219  
Mail Stop P7-PFSC-03-T

Swift: PNCCUS33  
Telephone: 1-800-682-4689



WITH NOTICE TO PNC BANK, NATIONAL ASSOCIATION BY THE BUREAU ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR CANCELLATION.

ADD: WE ARE INFORMED THAT THE PROCEEDS OF THIS DRAWING WILL BE HELD BY THE THE UNITED STATES BUREAU OF LAND MANAGEMENT, IN ACCORDANCE WITH APPLICABLE LAW AND UTILIZED IN FULL TO PAY THE EXPENSES RELATING TO THE RECLAMATION LIABILITY, TOGETHER WITH THE COSTS OF COLLECTION, INCLUDING ATTORNEY'S FEES, HOWEVER, THE LIABILITY OF PNC BANK, NATIONAL ASSOCIATION UNDER THIS LETTER OF CREDIT SHALL NOT EXCEED \$53,080.00.

ADD: ALL DRAWINGS MADE HEREUNDER, DRAFTS AND CERTIFICATIONS IN THE FORM OF EXHIBIT A AND EXHIBIT B, MUST BE SIGNED BY THE UNITED STATES BUREAU OF LAND MANAGEMENT.

DELETE LETTER OF CREDIT NO.

SUBSTITUTE LETTER OF CREDIT NO.

WHEREVER LETTER OF CREDIT NO. S258079PHL APPEARS, IT SHALL NOW READ

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

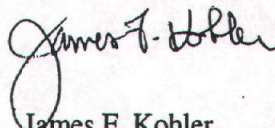
A handwritten signature in cursive script, reading 'Kathleen J. Speer'.

PNC BANK, NATIONAL ASSOCIATION  
GLOBAL TRADE SERVICE OPERATIONS



Mining (OGM). The amended letter of credit and bond rider has been examined, found satisfactory, and are accepted effective February 27, 2007.

If you have any questions, or need additional information regarding this bond, please call Opie Abeyta at (801) 539-4123.



James F. Kohler  
Chief, Branch of Solid Minerals

cc: Thirstystone Resources, Inc.  
165 Township Line Road, Ste. 2100  
Jenkintown, PA 19046  
Russell Schreiner, SGFO (UT-100)  
UDOGM, ATTN: Beth Erickson (with enclosures)  
1594 W. North Temple, Suite 1210  
Salt Lake City, UT 84114



## PERSONAL BOND RIDER

In consideration for this rider and the acceptance of this rider by the Bureau of Land Management (BLM) on behalf of the United States of America, this rider attaches to and is part of the current Surface Management Bond, BLM No. UTB000037 further described as:

Issued on behalf of THIRSTYSTONE RESOURCES

Principal/Obligor, in favor of the United States. The bond provides coverage as shown below:

Individual notice/plan of operations – BLM serial number      UTU68571 & UTU68868

Statewide UTAH

## Nationwide

(Name of State)

(If Applicable, Write/Type "Yes")

[illegible]

**This rider is to amend the bond as follows:**

It is understood and agreed that the Principal is posting this bond in favor of the United States and State of Utah, Division of Oil, Gas, and Mining (OGM).

THIRD PARTY

It is understood and agreed that \_\_\_\_\_

Principal, is posting this bond on behalf of \_\_\_\_\_.

Operator, under notice/plan of operations, BLM serial number

## NOTE

This coverage of obligations shall continue whether or not a notice/plan of operations has subsequently been suspended or terminated. This rider shall not act to increase the actual cumulative or potential liability of the principal or bond above the face amount of the bond. Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

Executed this 23rd day of February, 2007.

Principal Thirstystone, Resources, Inc.

By Richard M. Horowitz Richard M. Horowitz

Title	President
1. President	1. President
2. Vice President	2. Vice President
3. Secretary	3. Secretary
4. Treasurer	4. Treasurer
5. Member	5. Member
6. Member	6. Member
7. Member	7. Member
8. Member	8. Member
9. Member	9. Member
10. Member	10. Member
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95. Member	95. Member
96. Member	96. Member
97. Member	97. Member
98. Member	98. Member
99. Member	99. Member
100. Member	100. Member

Business Address 165 Township Line Road Suite 2100

Jenkintown, PA 19046

### ACKNOWLEDGMENT:

State of Pennsylvania, County of Montgomery, Subscribed and sworn to before me

this 23<sup>rd</sup> day of February 2007

By Salvatore L. Walters

Notary Public

My Commission Expires \_\_\_\_\_

My Commission Expires Nov. 1, 2009